



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 10/9/2007

GAIN Report Number: NI7027

Nigeria

Exporter Guide

Exporter Guide Annual 2007

Approved by:

Ali A. Abdi, Agricultural Attache
U.S. Consulate, Lagos

Prepared by:

Levin Flake, Uche Nzeka

Report Highlights:

Nigeria remains a major market for food and agricultural products, with imports worth more than \$3.0 billion annually (U.S. wheat typically accounts for about 20 percent of this total). Nigeria's recent import and port reforms (including regional tariff changes and export incentives) are encouraging more formal trade. This, along with economic growth and changing consumer demands, are expanding market opportunities for U.S. exporters.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Lagos [NI1]
[NI]

TABLE OF CONTENT

| | |
|--|-----------|
| SECTION I. MARKET OVERVIEW..... | 3 |
| <u>ADVANTAGES & DISADVANTAGES.....</u> | <u>4</u> |
| SECTION II. EXPORTER BUSINESS TIPS..... | 5 |
| <u>U.S. AGRICULTURAL PRODUCT EXPORTS TO NIGERIA.....</u> | <u>5</u> |
| <u>BUYERS' PREFERENCES FOR AGRICULTURAL PRODUCTS.....</u> | <u>5</u> |
| <u>PRODUCT REGISTRATION AND REGULATIONS:.....</u> | <u>6</u> |
| <u>IMPORT DUTIES & COLLECTIONS:</u> | <u>6</u> |
| <u>PORT CONCESSIONS & DESTINATION INSPECTIONS:.....</u> | <u>6</u> |
| <u>REDESIGNED EXPORT EXPANSION GRANT FUND (REEGF):.....</u> | <u>6</u> |
| <u>DOCUMENTATIONS, EXPORT & CUSTOMS CLEARING:.....</u> | <u>7</u> |
| SECTION III. MARKET SECTOR STRUCTURE AND TRENDS..... | 8 |
| <u>RETAIL FOOD SECTOR:.....</u> | <u>8</u> |
| <u>FOOD PROCESSING (FP).....</u> | <u>9</u> |
| <u>FOOD SERVICE (HRI) SECTOR.....</u> | <u>11</u> |
| <u>SEAFOOD/FROZEN FISH.....</u> | <u>11</u> |
| <u>COCOA PROCESSING.....</u> | <u>12</u> |
| <u>DAIRY PROCESSING.....</u> | <u>12</u> |
| SECTION IV: MARKET ENTRY STRATEGIES..... | 13 |
| SECTION V: BEST PROSPECTS..... | 13 |
| <u>CONSUMER-ORIENTED PRODUCTS WHICH ARE ALLOWED FOR EXPORT TO NIGERIA:.....</u> | <u>13</u> |
| <u>PRODUCT TYPE OFFERING THE MOST SALES POTENTIAL IN NIGERIA:.....</u> | <u>14</u> |
| <u>PRODUCTS NOT YET PRESENT IN SIGNIFICANT QUANTITIES BUT HAVING GOOD SALES POTENTIAL:</u> | <u>14</u> |
| <u>PRODUCTS CURRENTLY BANNED FOR EXPORTS TO NIGERIA:.....</u> | <u>14</u> |
| SECTION VI. POST CONTACT AND FURTHER INFORMATION..... | 15 |
| <u>APPENDIX I: NIGERIA'S ECONOMIC STRUCTURE (ANNUAL INDICATORS).....</u> | <u>16</u> |
| <u>APPENDIX II: REFERENCE MATERIALS.....</u> | <u>17</u> |

SECTION I. MARKET OVERVIEW

Nigeria is huge market and the most populous country in Africa, with a population of 140 million people, which is growing at an estimated three percent annually. It also has an expanding economy and provisional estimates from Central Bank of Nigeria (CBN) put Nigeria's real GDP growth at 5.6 percent in 2006, compared to 4.8 percent in 2005. Inflation is forecast at an average of 10.8 percent for 2007 (Economist Intelligence Unit, May 2007). This is a result of only modest rises in food prices, as well as improved monetary policies. The economy is still dominated by the oil sector, and crude petroleum and gas exports account for about one third of GDP, over 95 percent of total export earnings and about 75 percent of federal government revenue.

Nigeria's agriculture sector is primarily subsistence-based and employs about 70 percent of the population. It accounts for about 41 percent of the estimated \$91.3 billion GDP in 2005 (The Economist, June 2007). The sector grew by 4.6 percent, 5.6 percent and 6.2 percent in 2002, 2003 and 2004 respectively. Domestic food products such as corn, sorghum, tubers, and seafood (fish) are the traditional foodstuffs consumed by the majority of the population. Despite growth in agriculture the past few years, Nigeria remains a major importer of food and agricultural products, with imports worth over \$3 billion per annum (largely bulk commodities). At present, Nigeria is the second largest market in the world for U.S. wheat and also a major importer of other bulk commodities such as rice and sugar from Asia and Brazil. The market for frozen fish (especially, mackerel, herring and croaker) mostly sourced from the EU, South America, and some African countries, is also large. The EU, Asia and South Africa are leading suppliers of processed and intermediate products to Nigeria.

Nigeria is expected to continue to import bulk foods such as wheat, rice, and dairy products for the foreseeable future due to inadequate food production. Imports of consumer-ready products should also grow as a result of the high-cost of local food processing, poor domestic infrastructure and rising demand for more convenient foods. The low level of domestic agricultural production and food-processing currently provides consumers with only a limited selection of products. In addition to strong demand, market access is improving with the recent GON phased-in adoption of the ECOWAS Common External Tariff (CET) and the announced full implementation of the CET, which would remove the remaining import bans by January 2008.

U.S. exporters are advised to explore entering this expanding market. U.S. agribusiness firms interested in doing business in Nigeria can seek assistance of USDA/FAS office in Nigeria to develop business relationships with local firms.

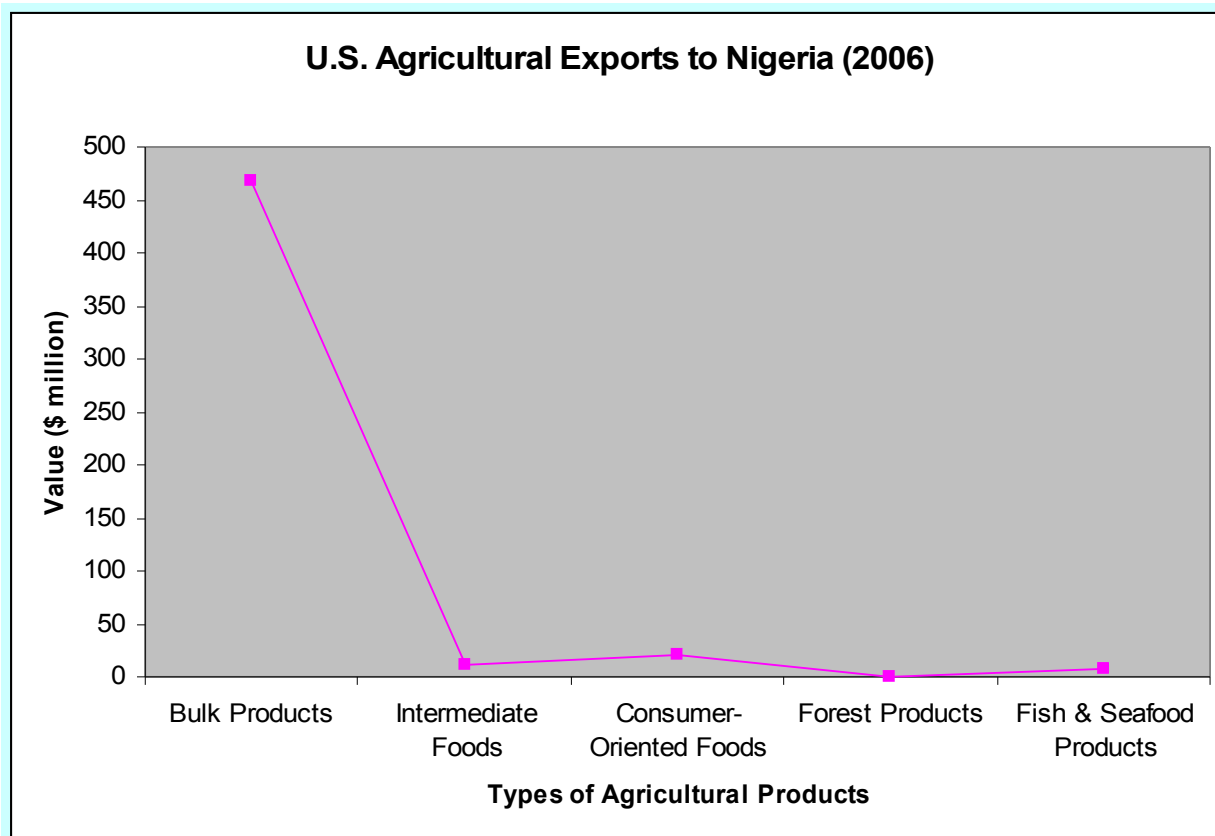
Advantages & Disadvantages

| Advantages | Disadvantages |
|--|--|
| Very large population (140 million), which is growing at three percent per annum. | Very small presence of U.S. agribusinesses in Nigeria and limited knowledge of the Nigerian market among many in the U.S. trade. |
| Growing middle-class, rising incomes and a trend toward greater demand for healthy foods. | Nigeria's restrictive trade regime which includes import bans and high tariffs on many food and agricultural products. |
| Increasing awareness of and rising demand for U.S. processed foods by Nigerian consumers; Also consumers' perception of U.S. foods as higher quality items. | Low consumer purchasing power. |
| Nigerian consumers' shift towards western food types and consumption patterns. This shift is being driven by changing demographics including greater urbanization, more women working outside the home, and changing lifestyles of the large youth population. | Shorter shelf life labeling of U.S. HVPs, longer transit times, and a relatively time consuming port clearance procedures all sharply reduce shelf life of U.S. products in Nigeria. |
| Expanding food processing and HRI sectors are demanding more intermediate products and ingredients. | Negative perceptions about Nigerian businesses among some U.S. exporters and a reluctance to do business in Nigeria. |
| Growing western-style retail sector. | Weak infrastructure and increasing energy and production costs. |
| Adoption of 'Global Listing for Supermarket' items by food regulatory authorities. This offers relatively low-cost and low-risk market-entry for those consumer-ready food products which are not banned for imports. | Strong competition from other suppliers, especially the EU and Asia. |
| Nigerian firms generally see U.S. suppliers as reliable in terms of volume, standards and quality. | U.S. freight rates are significantly higher than those from the EU, Asia and South Africa. |
| The GON's recent import and port reforms including: destination inspection, minimizing invoice under-valuation and concealments, and port concessions which are reducing port clearance time and invoicing costs. | Inconsistent and poor implementations of GON policies. |
| A recently inaugurated U.S. to Nigeria direct and regular shipping route by Maersk Lines. | High levels of unofficial transactions and procedures. |

SECTION II. EXPORTER BUSINESS TIPS

U.S. Agricultural Product Exports to Nigeria

U.S. agricultural exports to Nigeria amounted to approximately \$508 million in 2006 (wheat accounted for approximately 82 percent of this total). The chart below shows a breakdown of U.S. food and agricultural product exports to Nigeria in 2006:



Source: USDA's BICO report

Buyers' Preferences for Agricultural Products

Importers prefer consumer-oriented products with the following characteristics:

- Relatively small-sized, prepared and packaged for affordable one-time use.
- Bulk, intermediate products and ingredients (especially beverage bases and flavors) for local re-processing and packaging.
- Mixed-grocery containers of products not banned for imports.
- Perishable food products processed dry and packaged for a long shelf life without the need for refrigeration (for example dry seafood and dairy products such as milk powder).
- Packaged food products with longer "Best Before" dates.

See GAIN Report NI6026: <http://www.fas.usda.gov/gainfiles/200611/146249621.pdf> for details.

Product Registration and Regulations:

All processed foods must be registered with Nigeria's food regulatory agency--National Agency for Food & Drug Administration and Control (NAFDAC)--to be legally imported into Nigeria. The cost of product registration is typically borne by the importer except when an exporter agrees to assist the importer in paying these costs. It is advised that U.S. exporters contact the FAS/Lagos office in Nigeria when importers make similar requests from them. See GAIN Report NI6017: <http://www.fas.usda.gov/gainfiles/200608/146208761.pdf> for details.

Import Duties & Collections:

The Nigerian Customs Service (NCS) is the GON agent responsible for import duty collection. NCS recently adopted the upgraded Automated System for Custom Data (ASYCUDA), with the assistance of UNCTAD, in order to facilitate more efficient operations. ASYCUDA allows the online submission and processing of custom documents and assists in reducing importers' contacts with NCS officials during customs clearing. This new systems helps to reduce unofficial practices and demands in the duty collection process.

Nigeria commenced a partial implementation the ECOWAS CET in November 2005 which harmonized its tariffs with those of other ECOWAS member states and reduced the tariff bands from twenty to five. Despite these steps, GON's protectionist policies persist, including numerous import bans. GON has stated, however, that all these bans would be phased out by January 2008 in compliance with its CET commitments.

Port Concessions & Destination Inspections:

As of April 2006, in order to increase efficiency the GON adopted port concession, which transferred ports' operation to private sector operators. As of January 2006, GON also replaced Pre-shipment Inspection (PSI) with Destination Inspection (DI). This means that all goods destined for Nigeria's ports are now inspected at the point of entry rather than the point of shipment. NCS remains responsible for duty valuation and collection while three GON-appointed private firms function as Destination Inspection service providers and provide scanning services at entry ports.

Redesigned Export Expansion Grant Fund (REEGF):

In 2002, the GON introduced the Export Expansion Grant (EEG) in order to encourage local processing and manufacturing firms to create more jobs. This program offered a 40 percent rebate to companies exporting fully manufactured and semi-processed products with high local value addition, and 5 percent for products that do not fall into the first category.

Inherent loopholes in determining which products qualified for which rates resulted in gross abuse of the program and caused the GON to scrap it during the 1st quarter of 2005. However, organized local manufacturers and processors [under Nigeria's Manufacturers Association of Nigeria (MAN)] pressured GON to re-introduce a Redesigned Export Expansion Grant Fund (REEGF) in November 2005, which became effective in January 2006.

REEGF is company-based rather than product-based grant and provides rebates ranging from 5-30 percent. Eligibility and rates are weighted by how much of a firm's activities contribute

to creating local jobs. For example, cocoa grinding falls within the 30-percent maximum while export merchandising of cocoa beans only qualifies for a 5-percent rebate.

Documentations, Export & Customs Clearing:

Procedural Steps:

A. Importers process Form 'M' with his/her pro-Forma invoice through any authorized local dealer bank (LDB) irrespective of the value and whether or not payment is involved. Form 'M' is a document completed to apply or seek authorization to import from the relevant GON agent [Central Bank of Nigeria (CBN)]. This takes about one to two days to complete.

Supporting documents shall be clearly marked 'VALID FOR Foreign Exchange (FOREX) or NOT VALID FOR FOREX' as appropriate i.e. depending on whether or not foreign exchange remittance would be involved. The Form 'M' and relevant pro-forma invoice shall carry a proper description of the goods to be imported to facilitate price verification: The description will include:

1. Generic product name, i.e. product type, category
2. Mark or brand name of the product where applicable
3. Model name and or model or reference number where applicable
4. Description of the quality, grade, specification, capacity, size performance, etc
5. Quantity and packaging and/or packing
6. Documents in respect of each import transaction shall carry the name of the product, country of origin, specifications, date of manufacture, batch or lot number, standards to which the goods have been produced (e.g. Nigeria Standards-NIS, British Standards PD, ISO, IES, DIN, (etc)
7. Where import items such as food, drinks, cosmetics, drugs, medical devices, chemicals, etc. are regulated for health or environmental reasons, they shall carry EXPIRY dates or the shelf life and specify the active ingredients, where applicable.

B. CBN accepts importer's application (Form 'M') and Letter of Credit is opened.

C. Exporter prepares and submits, 1) Final Export Invoices 2) Packing List, and 3) Certificate of Value and Origin (prepared for the U.S. firm by a Notary Public) for attestation. Exporter also negotiates Letter of Credit and ships.

D. Exporter's documents above are transmitted to the importer's LDB which the LDB in turn sends to GON's inspection and evaluation agents (GIA) to evaluate items and determine import duty payable. GIA prepares Risk Assessment Report (RAR) stating import duty payable. This process now takes about two weeks to accomplish.

E. Importer pays the reported import duty if the assessed value is not more than 10 percent of value declared on the invoice. Otherwise, the importer would be required to re-process Form "M". The importer will begin Customs Clearing with the import and duty documents. The consignee (importer) can clear with NCS or appoint a Customs Clearing agent. This stage can take one to two weeks to process and then the consignment can be delivered to the importer's warehouse.

Opening letters of credit in Nigeria now takes between 2-3 days for the buyer to accomplish. Some Nigerian importers still make payments for their imports through Inter-bank wire

transfers. The exporter then ships the items to the importer upon receipt of these bank transfer payments. This method is often employed for informal imports—either in importing banned goods or in order to negotiate duty payments with GON officials during port clearances. Importers utilizing this payment method usually pay lower and unofficial 'duties'. Often such importers rely on their privileged access to port officials to clear their goods. Many customs clearing agents also have this access to port officials and employ it while clearing for their clients (importers). This import procedure has become unofficial (and at the importer's risk) since GON abolished duplicate inspections during the first quarter of 2006.

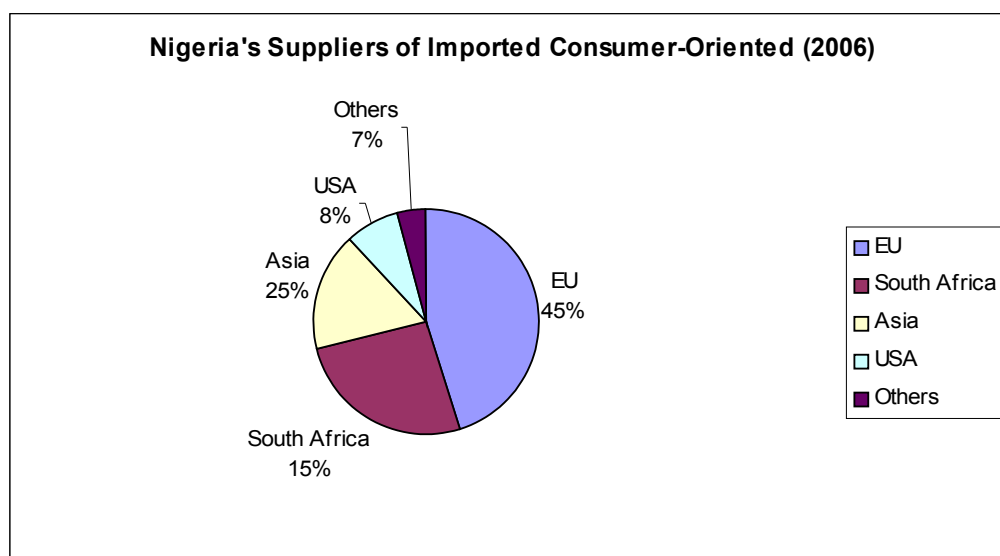
SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Retail Food Sector:

Nigeria's retail food sector is dominated by traditional open-air markets (accounting for 60 percent of total retail food sales in 2005), then convenience stores/small groceries (39 percent), and finally supermarkets (1 percent). The major players for merchandising imported consumer-oriented foods in Nigeria are: 1) Importer-distributors 2) Wholesalers, 3) Retailers.

In 2006, consumer-oriented food imports are estimated at \$400 million and industry sources forecast imports to increase to \$600 million by the end of 2007. Although imports of some products are restricted by GON bans and high tariffs, the recent adoption of the more liberalized ECOWAS CET is encouraging imports. Applied duties under the CET range from five to 20 percent. Many importers circumvent restriction by shipping banned and higher-duty goods to ports in neighboring countries from where they enter the market by road through cross-border smuggling.

Industry estimates of the origin of imported processed food products in 2006 are shown below:



U.S. market share is low mostly due to:

- Higher freight rates for shipments from the United States.
- Unfavorable perception of Nigerian firms by some in U.S. trade.
- Some U.S. exporters' reluctance to meet Nigerian importer demands, especially on documentation and product specifications.

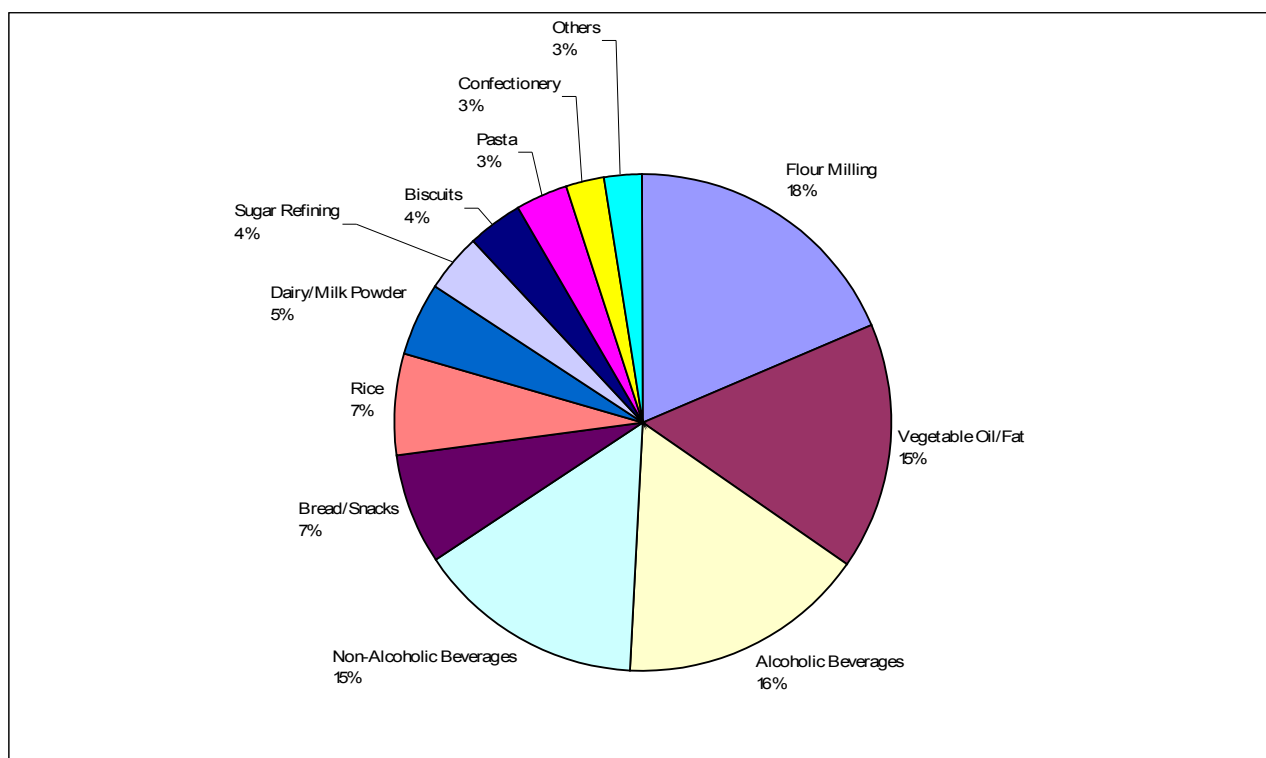
- Lack of sufficient contacts between Nigerian importers and U.S. consumer-oriented food exporters.

According to USDA's BICO report, exports of U.S. consumer oriented food products to Nigeria increased to \$20.3 million in 2006, from \$10.7 million in 2005, with the growth primarily focused in dairy products, red and poultry meat, processed fruits, and mixed grocery items. U.S. exports are projected to continue to increase following the recent commencement of a direct shipping route from the United States to Nigeria. This will reduce ordering and shipping time. A further increase in exports is expected if GON abides by its CET agreement to remove all import bans by January of 2008. GON's import and port reforms have also assisted in minimizing informal imports and documentations, which were major advantages for third-country suppliers. Most Nigerian importers of mixed container loads require the services of freight consolidators. See GAIN Report NI6026:

<http://www.fas.usda.gov/gainfiles/200611/146249621.pdf> for details.

Food Processing (FP)

About 65 percent of Nigeria's manufacturing sector is food processing, and according to the Economist Intelligence Country Report, May 2007, manufacturing had an estimated 3.8 percent share of Nigeria's GDP (\$116.6 billion) in 2006. The chart below illustrates the components of Nigeria's food processing sector in 2006:



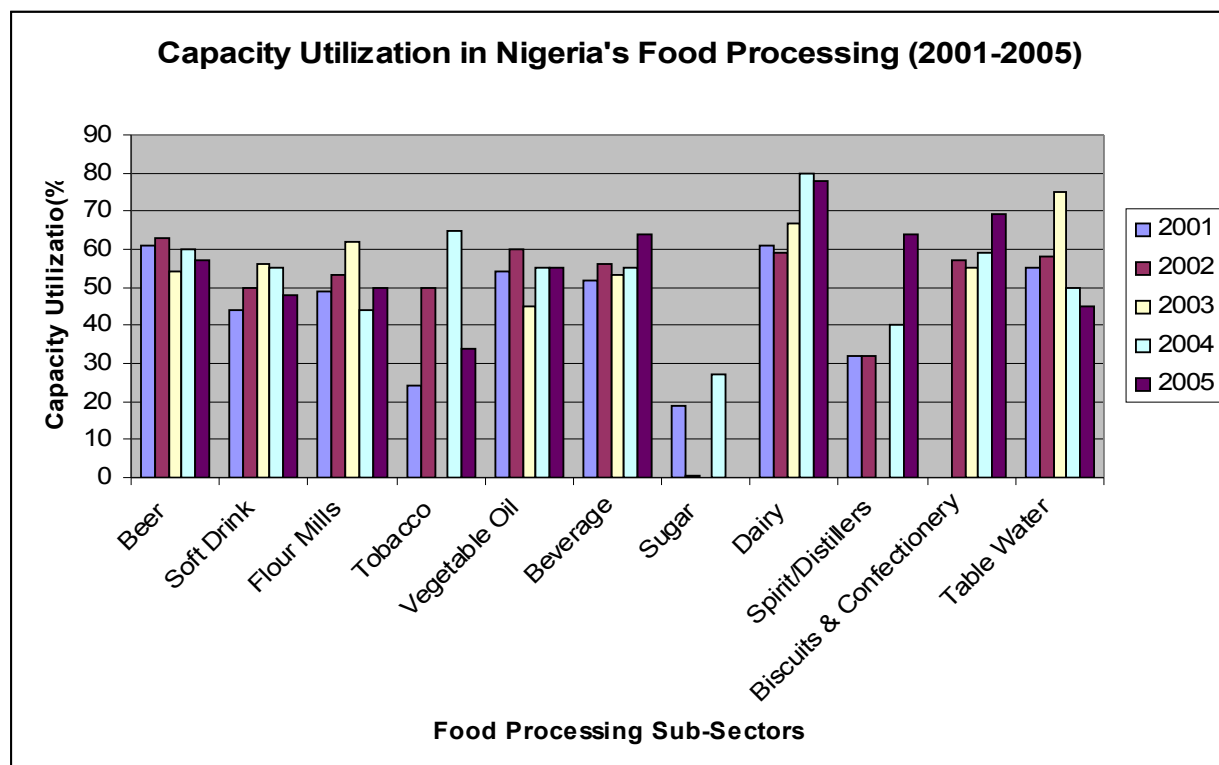
Source: Industry Estimates

Nigeria is dominated by mass market consumers with low purchasing power, and a diet high in carbohydrates. In order to boost sales and increase market share, manufacturers focus on packaging and selling products in affordable small units for one-time use. However, an expanding middle-class and rising incomes are prompting increased demand for low-carb, low-fat, and even sugar-free food and beverages. Also growing concerns regarding food safety and dietary quality are also increasing demand for higher quality products. As a

result, local processors are developing and improving products in order to meet the needs of this niche market.

The combination of import restrictive measures (implemented by GON to protect domestic industries, primarily food processors) as well as the initiation of REEGF (export rebate) had helped domestic food processing to grow at an average of 10 percent per annum during past years. However, key sector players including the Manufacturers Association of Nigeria, report more recently, Nigeria's food processing sector has been declining due mainly to poor infrastructure, multiple taxation and GON's inconsistent policies—allegedly, often initiated on political basis.

Chart below shows the capacity utilization trends in Nigeria's food processing sector, 2001-2005:



Note: Capacity Utilization rates not provided for Tobacco (2003), Sugar (2003 & 2005) and Spirit/Distillers (2002).

Source: AFBTE Annual report, 2005

The current GON reform programs, especially the new CET structure and REEGF, are expected to increase market access for imported food ingredients. At the moment, more than \$2 billion worth of inputs used in Nigeria's food processing industry are imported (Industry estimate). Potential for increased export sales is present for following inputs:

| Bulk | Intermediate | Processed |
|--|--|---|
| Barley and Malt Edible Fat Raw Sugar Refined Sugar Wheat Paddy Rice | Corn Starch Ethanol Fruit Juice Concentrate Fruit pre-mixes & syrup Ice Cream Pre-mixes Other Beverage Bases Dairy Products Flavors, Sweeteners Industrial Salt, other Micronutrients | 1) Baking mixes, Yeast & Baking Powder 2) Jam & Jellies 3) Mayonnaise 4) Salad Dressing 5) Table Salt 6) Sauces, Spices 7) Tomato Ketchup |

Third-country suppliers from the EU, Far-East Asia, South America as well as South Africa show increased interest in the Nigerian food ingredients/intermediate products market and are quick to adapt to the requirements of this growing sector. Nigerian food processors perceive U.S. ingredient suppliers as reliable in terms of volume, standards, and quality but U.S. exporters are constrained by:

- Limited knowledge of the Nigerian ingredient market among the U.S. trade.
- Strong competition from South Africa, the EU and Asian suppliers.
- Limited local infrastructure, limited operational capital, high local production costs, and unstable GON import policies.
- A lack of knowledge of food ingredients available from the United States.
- Limited contact with and negative perceptions of Nigerian businesses among some U.S. exporters.

Food Service (HRI) Sector

The rapid expansion of the food service sector in Nigeria presents opportunities for U.S. exporters. The sector was valued at US\$3 billion (industry estimate) in 2006, with imports accounting for less than 10 percent. Nigeria's foodservice sector consists of hotels and resorts, restaurants, and institutional contracts (HRI). The largest and fastest growing segment is fast food restaurants. The return to civilian rule, more women working outside the home, urbanization and modest economic growth are some of the factors that have increased demand in the HRI sector. Growth is expected to continue, as convenience fast food chain restaurants become more and more important in the Nigerian way of life. Growth in the sector offers excellent opportunities for U.S. exporters of potato chips, sauces, seasonings, pastry mixes, seafood, tomato ketchup, mayonnaise, canned food, wine and ice cream. Except for wines and poultry meat, the import duties on these products range from five percent to 20 percent.

Major food service operators are looking for franchises to represent major U.S. companies in Nigeria, especially in the quick restaurant sector.

Seafood/Frozen Fish

Nigeria remains a rapidly expanding market for mass consumer frozen pelagic fish imports, Frozen mackerel, herring and croaker from the EU, South America, and some African countries are the major species exported to Nigeria. Industry estimates show that Nigeria's frozen fish imports are expected to exceed one million tons (worth more than \$1.1 billion) by the end of 2007, up from 800,000 tons (\$900 million) in 2006. This is driven by decline in domestic fishing, Nigeria's rising income and high price of other sources of protein. Brokers in the EU consolidate frozen seafood from suppliers across the world (including the United

States) and are able to sell larger volumes shipped in reefer vessels of 3,500-5,000 MT, thereby reducing ocean freight costs. The scarcity and high price of Atlantic species has resulted in a noticeable shift in the Nigerian market towards more imports from South America, especially Chile.

Nigeria offers U.S. frozen fish exporters market opportunities, especially if the U.S. producers could increase the production of low-price pelagic fish and ship larger volumes in reefer vessels to reduce the high freight cost. U.S. fish exports to Nigeria could also increase if Nigerian buyers could easily locate efficient and willing brokers consolidating these seafood products in the United States. There is also a huge market for stockfish (dried fish) and Nigeria imports about 160,000 tons of worth more than \$400 million per annum. Scandinavian exporters are the major suppliers, and Nigerian importers have been unable to find suppliers of this product from the United States. See GAIN Report NI7026 for details.

Aquaculture

Growth in Nigerian aquaculture is driven by GON efforts to promote local production and has been the most prevalent in shrimp. Nigeria's shrimp exports (about 80 percent of shrimp caught in Nigeria's waters) is valued at about \$65 million per annum (Nigeria's Federal Fisheries Department Report, 2007) and Nigeria's shrimp regained access to U.S. market after complying with Turtle Excluder Devices (TED) regulations on January 10, 2007. Exports of shrimp from Nigeria to the United States are thus expected to increase. Because of this, there is now a significant investment window for Nigeria's shrimp farming and opportunities for exports of U.S. shrimp feedstuffs and ingredients. Also, resulting shipping frequencies between Nigeria and U.S. will likely reduce freight cost on reefer containers and make U.S. frozen fish exports to Nigeria competitive.

Nigeria is a potential market for approximately 2.5 million MT of fish. Nigeria's current fish demand is approximately 1.5 million MT whereas aquaculture (especially, catfish farming) contributed only 16,000 MT in 2005. With the increasing local demand for fish and the global dwindling fish stock, GON is collaborating with local and external stakeholders (including local farmers, World Bank, WHO, FAO, NEPAD, etc), to increase local aquaculture and fish supply.

There will likely be increased output from the aquaculture sector in the upcoming years. This has created a niche market for U.S. exporters of aquaculture feed ingredients and additives.

Cocoa Processing

Cocoa processing is currently expanding in Nigeria. Nigeria produced an estimated 385,000 tons of cocoa beans worth more than \$570 million in 2005 (industry sources). This accounts for about 11 percent of world total cocoa production (3.5 million tons). About 80-85 percent of Nigeria's cocoa is exported as beans mostly to the EU, where they are then processed into butter, paste, and liquor (75 percent) and powder (25 percent). Belgium, UK, Germany, the Netherlands, are the primary destinations. The United States imported cocoa beans worth nearly \$50 million from Nigeria in 2005 (USDA's BICO report). However, GON approval of a 30 percent REEGF on exported processed cocoa products (compared to an only five percent rebate on exported cocoa beans), is resulting in increasing cocoa production and especially local processing. This presents opportunities for U.S. exporters to sell cocoa processing ingredients into Nigeria's growing market.

See GAIN Report NI7001: <http://www.fas.usda.gov/gainfiles/200701/146279896.pdf> for details.

Dairy Processing

Nigeria is a potential market for 1.3 million tons of milk valued at about \$3 billion (Industry source). Total domestic production was an estimated 1.3 billion liters in 2006, but according

to a GON provisional report, only 600,000 liters (valued \$1.5 million) entered formal marketing channels in 2006. The rest was either consumed within families or traded informally among the producing communities. Milk powder and other processed dairy products valued approximately \$275 million were imported into the country in 2006.

Growing population, increasing urbanization, and rising per capita income are expected to stimulate rising demand for dairy based products. Meanwhile, domestic production remains insufficient due to increasing production/processing costs, non-competitiveness of the industry, and the failure to incorporate more advanced technologies. More efficient dairy processing in the United States should provide U.S. suppliers an advantage over third-country suppliers in exporting processed dairy products to this market. Additionally, there is export potential for livestock genetics, fodders and dairy-based food processing inputs which will likely increase if local infrastructure is improved and production/processing costs lowered. See GAIN Report NI7019:

<http://www.fas.usda.gov/gainfiles/200709/146292296.pdf> for details.

SECTION IV: MARKET ENTRY STRATEGIES

New-to-market U.S. food and agricultural products exporters should consider the following market entry strategies and tactics:

- Contact the Agricultural Attaché at the USDA/FAS office located in the American Consulate, Lagos-Nigeria for assistance in selecting a local distributor/ agent or representative.
- With the assistance of the USDA/FAS office in Lagos-Nigeria, appoint a local distributor/agent or representative in Nigeria to register the products with the appropriate GON regulatory bodies, to introduce these products to the local market and develop consumer demand.
- Identify and sell through consolidators based in the U.S. who are already serving the West African region.
- Exhibit at trade shows in the United States, which are attended by Nigerian importers. This will make follow-up contacts easier.
- Offer product shipment in mixed-lot containers, and offer flexible shipping volumes.
- Adopt a pricing strategy, which encourages importers to initiate buying activities with U.S. suppliers.
- Send sample products and sales catalogs to Post to facilitate locating local buyers.

SECTION V: BEST PROSPECTS

Consumer-oriented products which are allowed for export to Nigeria:

- Breakfast Cereals
- Wine, including sparkling wine
- Alcoholic beverages & Spirit & Liqueurs
- Canned vegetables
- Nuts
- Milk, Cream, Honey products (liquid or powdered)
- Spices, Sauces including, Soy Sauce, Mixed Seasoning
- Coffee, Tea & Herbal products
- Yeast & Baking Powder
- Tomato Ketchup, Mayonnaise & Salad Dressing
- Canned Soups
- Baby Foods & Health Food products
- Sweeteners & Non-Dairy Coffee Whiteners

- Powdered beverages
- Packaged rice
- Chocolate, etc

Product type offering the most sales potential in Nigeria:

- Frozen seafood
- Fast food, other HRI food ingredients and dairy products including, ice cream and yoghurt
- Agricultural-based food ingredients
- Industrial processed foods & beverages especially, fruit juice concentrate, and bulk products for local re-processing and packaging
- Bakery, confectionery, and food preparation ingredients
- Specialized food ingredients such as additives, preservatives, and flavorings
- Ingredients and additives for feedstuffs
- Relatively small-sized imported or domestic-processed HVPs, prepared and packed for one-time use

Products not yet present in significant quantities but having good sales potential:

- Crushed dry fish or Powdered fish
- Nutrition food products

Products Currently Banned for Exports to Nigeria:

- | | | |
|--|---|---|
| 1. Wheat flour | - | HS Code 1101,0000 |
| 2. Sorghum | - | HS Code 1007,0000 |
| 3. Vegetable oil in bulk | - | HS Codes 1507.1100-1516,2000 |
| 4. Frozen poultry and poultry products | - | HS Codes 0207.0000-0207.3600 |
| 5. Cassava and cassava products | - | HS Codes 0714.1000, 1106.2000, 1108,1400 and 1903.0000. |

Note: the importation of all cassava and cassava products through land borders is prohibited

- | | | |
|---|---|--------------------------------|
| 6. Toothpicks | | |
| 7. Bottled water (sparkling and non-sparkling)- | - | HS Codes 2201.0000-2202.0000 |
| 8. Biscuits | - | HS Code 1905.3000 |
| 9. Noodles (including spaghetti) | - | HS Codes 1902.1100 – 1902.4000 |
| 10. Fruit juice in retail packs | - | HS Codes 2009.1100 – 2009.9000 |

Note: fruit juice may be imported in concentrates or drums only.

- | | | |
|---|---|---|
| 11. Sugar confectioneries (sweets and chocolate) | - | HS Codes 1704.1000 – 1704.9000 and 1806.1000 – 1806.9000 |
| 12. Beer (bottled and canned) | - | HS Code 2203 |
| 13. Millet | - | HS Code 1007.0000 |
| 14. Pork and pork products, beef and beef products, mutton, lamb, and goat meat - | | |
| | | HS Codes 0210.1900, 1602.4900, 0202.2000, 1602.5000, 0204.4200, 0204.4300, 1602.9000, 0204.1000, 0204.2200, 0304.3000, 0204.4200, 0204,4300, 0210.7900, 0204,5000, 0208.9000, 0210.9900 and 1602.9000 |
| 15. Live or dead birds | - | HS Codes 0106.3100-0106.9000, 0208.9000 and 0210.9900 |
| 16. Fresh fruit | - | HS Codes 0801.1100 – 0814.000 |

SECTION VI. POST CONTACT AND FURTHER INFORMATION

Agricultural Affairs Office
American Consulate
2, Walter Carrington Crescent
Victoria Island, Lagos-Nigeria
Telephone: (234) 1 261-3926, 775-0830
Fax: (234) 1 262-9835
e-mail: aglagos@usda.gov

National Agency for Food & Drug Administration & Control (NAFDAC)
Plot 204, Olusegun Obasanjo Way
Wuse Zone 7
Abuja-Nigeria
Telephone: (234) 9 234-6383, 234-6405-6
Fax: (234) 9 269-5163, 234-8382
e-mail: nafdac.lagos@alpha.linkserve.com
Website: www.NAFDAC.org

Nigeria Customs Service
Customs Headquarters
3-7, Abidjan Street
off Sultan Abubakar Way, Wuse Zone 3
Garki-Abuja, Nigeria
Tel: (234) 9 523-6394, 253-4680
Fax: (234) 9 523-6394, 523-4690

Federal Ministry of Agriculture & Water Resources
Federal Secretariat, FCDA
PMB 135, Area 11
Garki-Abuja, FCT
Nigeria
Tel: (234) 9-314-1931, 314-2405
Fax: (234) 9-314-2532

Appendix I: Nigeria's Economic Structure (Annual Indicators)

| | 2002* | 2003* | 2004** | 2005** | 2006** |
|---|---------|---------|---------|---------|---------|
| GDP (US\$ bn) | 46.7 | 58.4 | 74.0 | 95.3 | 116.6 |
| Real GDP growth (%) | 3.7 | 10.2 | 6.1*** | 4.8 | 5.6** |
| Consumer price inflation (av; %) | 13.0 | 14.1 | 15.0 | 17.9 | 7.5 |
| Population (m) | 129.9** | 133.2** | 136.5 | 139.8 | 144.0 |
| Exports of goods fob (US \$ m) | 17,672 | 27,250 | 37,326 | 51,897 | 58,872 |
| Imports of goods fob (US\$ m) | -13,631 | -17,193 | -19,133 | -25,995 | -27,402 |
| Current account balance (US\$ m) | -5,400 | -1,569 | 3,606 | 7,112 | 15,810 |
| Foreign exchange reserves excluding gold (US\$ m) | 7,331 | 7,128 | 16,956 | 28,280 | 42,277 |
| Total external debt (US\$ bn) | 30.5 | 35.0 | 37.9 | 22.2 | 6.5 |
| Debt-service ratio, paid (%) | 7.4 | 5.5 | 4.2 | 16.1 | 1.8 |
| Exchange rate (av.) N: US\$ | 120.58 | 129.22 | 132.89 | 131.20 | 127.38 |

Notes: Actual. ** Economic Intelligence Unit estimates. *** Official Estimates.
'N', represents Naira (Nigeria's currency).

Source: Economist Intelligence Unit, Country Report (Nigeria)—May 2007.

APPENDIX II: REFERENCE MATERIALS

1. The GON has finally released the Nigeria Customs and Excise Tariff Book for 2005- 2006. For further information regarding specific tariff lines, contact FAS/Lagos at:

Agricultural Affairs Office, U.S. Consulate General
#2, Walter Carrington Crescent, Victoria Island, Lagos, Nigeria
Tel: 234-1-261-3926 Fax: 234-1- 2629835 E-mail: aglagos@usda.gov

2. The Central Bank of Nigeria (CBN) circular (TED/AD/150/2005) dated December 28, 2005 stated that "in pursuance of the GON's decision to abolish pre-shipment inspection scheme and the introduction of Destination Inspection Scheme for imports to Nigeria with effect from January 1, 2006, the Government had entered into agreements with three scanning companies that will act as service providers for the effective take-off and operation of the scheme". The details of each service provider together with the designated zones are outlined below:

COTECNA INSPECTION LIMITED

10, Engineering Close
Off Idowu Taylor Street
Victoria Island, Lagos-Nigeria
Tel: 234-1-4617121/3
Fax: 234-1-4617124
E-mail: info@cotecna.com
Contact: Contract Manager

ZONE: Apapa and Tin Can Seaports, Kano and Abuja Airports, Jibiya and Banki Posts.

SOCIETY GENERALE DU SURVEILLANCE (SGS)

Plot 999C, Danmole Street
Intercontinental Plaza, 4th Floor
Victoria Island, Lagos-Nigeria
Tel: 234-1-2623042
Fax: 234-1-2622976
E-mail: Philip-bank@sgs.com
Contact: Contract Manager

ZONE: Onne and Port-Harcourt Seaports: Port-Harcourt Airport and Idiroko border post.

GLOBALSCAN SYSTEM LIMITED

5B, Oko-Awo Close
Off Adetokumbo Ademola Street
Victoria Island, Lagos-Nigeria
Tel: 234-1-2625392
Fax: 234-1-2624542
E-mail: globalscansystem@yahoo.com
Contact: Managing Director

ZONE: Warri and Calabar Seaports; Ikeja Airport and Seme Border Post

3. The circular further stated, "Under the new arrangement, Form 'M' submission and processing shall be based on the Port of Destination as outline above. For avoidance of doubt, importation shall remain restricted to on the ports listed above".